

Walbrook Assets Limited

Report of the Directors and Financial Statements
for the year ended 31 March 2007



Report of the Directors	2
Statement of Directors' Responsibilities in Relation to the Report of the Directors and the Financial Statements	3
Independent Auditors' Report to the Members of Walbrook Assets Limited	4
Income Statement	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Financial Statements	9



Report of the Directors

The Directors present their Directors' report and the financial statements for the year ended 31 March 2007



Principal Activities and Business Review

The principal activity of the Company is that of investment in property and lettings. The results for the year are set out in the income statement on page 6

2

The Directors of the Company have prepared these financial statements under the going concern basis. The Company has received a letter of financial support from the Directors of Rothschilds Continuation Holdings AG, an intermediate holding company.

Dividends

The Directors do not recommend the payment of a dividend (2006 £nil)

Directors

The Directors who held office during the year were as follows

Anthony Chapman

Sir Clive Whitmore

Jonathan Westcott

Auditors

KPMG Audit Plc are the appointed auditors of the Company and in accordance with the elective regime adopted on 29 March 1999 the Company has dispensed with the obligation to appoint auditors annually.

Audit Information

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board
N M Rothschild & Sons Limited
Secretary

New Court, St Swithin's Lane, London EC4P 4DU

13 June 2007

Statement of Directors' Responsibilities in Relation to the Report of Directors and Financial Statements



The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

3

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the company and the performance for that period. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRS as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of Walbrook Assets Limited

We have audited the financial statements of Walbrook Assets Limited for the year ended 31 March 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.



This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

4

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' Report to the Members of Walbrook Assets Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the Company's affairs as at 31 March 2007, and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

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KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

KPMG Audit Plc

13 June 2007

Income Statement

For the year ended 31 March 2007



	Note	2007 £	2006 £
Rent receivable		120,000	120,000
Gross profit		120,000	120,000
Interest payable		(161,379)	(151,224)
Administrative expenses		(85,500)	-
Loss before tax	2	(126,879)	(31,224)
Taxation	4	38,064	9,367
Loss for the financial year		(88,815)	(21,857)

6

Statement of Recognised Income and Expense

There was no other recognised income or expense during the financial year apart from the loss shown in the income statement (2006 £nil)

The notes on pages 9 to 12 form an integral part of these financial statements

Balance Sheet

At 31 March 2007



	Note	2007 £	2007 £	2006 £	2006 £
Non-current assets					
Property plant and equipment	5		2,131,024		2,131,024
Current assets					
Current tax receivable		38,064		9,367	
Other assets		2		2	
Current liabilities					
Overdraft with parent undertaking	6	(3,452,847)		(3,335,441)	
Other financial liabilities	7	(2,984)		(2,878)	
Net current liabilities			(3,417,765)		(3,328,950)
Total assets less current liabilities			(1,286,741)		(1,197,926)
Shareholders' Equity					
Share capital	8		2		2
Retained earnings			(1,286,743)		(1,197,928)
Total shareholders' equity	9		(1,286,741)		(1,197,926)

Approved by the Board of Directors on 13 June 2007 and signed on its behalf by

Anthony Chapman, Director

The notes on pages 9 to 12 form an integral part of these financial statements

Walbrook Assets Limited

Cash Flow Statement

For the year ended 31 March 2007



8

	Note	2007 £	2006 £
Cash flows from operating activities			
Net loss for the financial year		(88,815)	(21,857)
Taxation		(38,064)	(9,367)
Operating loss before changes in working capital and provisions		(126,879)	(31,224)
Group relief received		9,367	9,043
Net cash from operating activities		(117,512)	(22,181)
Cash flows from financing activities			
Net increase/(decrease) in other financial liabilities	7	106	(225)
Net cash from financing activities		106	(225)
Net decrease in cash and cash equivalents		(117,406)	(22,406)
Cash and cash equivalents at 1 April		(3,335,441)	(3,313,035)
Cash and cash equivalents at 31 March	1e	(3,452,847)	(3,335,441)

Cash paid for interest during 2007 was £161,273 (2006 £151,364)

The notes on pages 9 to 12 form an integral part of these financial statements

Notes to the Financial Statements

(forming part of the Financial Statements)

For the year ended 31 March 2007



1 Accounting Policies

Wallbrook Assets Limited ("the Company") is a company incorporated in the United Kingdom. The principal accounting policies which have been consistently adopted in the presentation of the financial statements are as follows

9

a Basis of preparation

The financial statements are prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, endorsed by the European Union ("EU") and with those requirements of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements are prepared under the historical cost accounting rules.

The financial statements have been prepared on a going concern basis as the Directors of Rothschilds Continuation Holdings AG, an intermediate holding company, have given a letter of financial support to ensure the Company is adequately funded for normal business operations.

b Property, plant and equipment

Property, plant and equipment is stated at cost less provisions for any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

No depreciation is provided on freehold properties or properties on leases with more than twenty years to run at the balance sheet date. It is the Company's policy to maintain these properties in a good state of repair and it is considered that the residual values, based on prices prevailing at the time of acquisition or subsequent valuation, are such that any depreciation is insignificant.

c Interest payable

Interest is recognised in the income statement using the effective interest rate method.

d Taxation

Tax credits receivable on profits are recognised in the income statement.

e Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises an overdraft with the parent undertaking used in the cash management of the company. In the balance sheet, this overdraft is included in current liabilities.

f Financial risk management

The Company follows the financial risk management policies of the parent undertaking, Rothschilds Continuation Limited. The key risks arising from the Company's activities involving financial instruments are measured and assessed at the group level according to the relevant policy.

Notes to the Financial Statements

(forming part of the Financial Statements)



10

2 Loss Before Tax

	2007 £	2006 £
Is stated after		
Charges		
Interest payable on overdraft with parent undertaking	161,379	151,224

The amount receivable by the auditors and their associates in respect of the audit of these financial statements is £730 (2006 £730). The audit fee is paid on a group basis by N M Rothschild & Sons Limited.

3 Directors' Emoluments

None of the Directors received any remuneration from the Company during the year (2006 £nil).

4. Taxation

The tax credited in the income statement differs from the theoretical amount that would arise using the standard tax rate as follows:

	2007 £	2006 £
(Loss) before tax	(126,879)	(31,224)
United Kingdom corporation tax (credit) at 30% (2006 30%)	(38,064)	(9,367)

5 Property, Plant and Equipment

	Freehold Land and Buildings £
Cost	
At beginning and end of year	3,131,024
Impairment losses	
At beginning and end of year	1,000,000
Net book value	
At beginning and end of year	2,131,024

The recoverable amount of the freehold land and buildings were assessed in the year ended 31 March 2005 using its value in use and a discount rate of 5.75%. Based on this assessment, an impairment loss of £1,000,000 was recognised to write down the carrying value of the freehold land and buildings to its recoverable amount.

Notes to the Financial Statements

(forming part of the Financial Statements)



5 Property, Plant and Equipment (continued)

The freehold land and buildings have been leased out under an operating lease. The future minimum lease payments under non-cancellable leases are as follows:

	2007 £	2006 £
Less than one year	120,000	120,000
Between one and five years	480,000	480,000
More than five years	1,320,000	1,440,000
	1,920,000	2,040,000

During the year £120,000 (2006: £120,000) was recognised as rental income in the income statement.

6 Overdraft with Parent Undertaking

At the year end the Company had an overdraft with the parent undertaking of £3,452,847 (2006: £3,335,441). The Company pays interest at base rate.

7 Other Financial Liabilities

	2007 £	2006 £
Amounts owed to parent undertaking	2,984	2,878

8 Share Capital

	2007 £	2006 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

Notes to the Financial Statements

(forming part of the Financial Statements)



12

9 Reconciliation of Movements in Shareholders' Equity

	Share Capital £	Retained Earnings £	Total £
At 1 April 2006	2	(1,197,928)	(1,197,926)
Loss for the period	-	(88,815)	(88,815)
At 31 March 2007	2	(1,286,743)	(1,286,741)
At 1 April 2005	2	(1,176,071)	(1,176,069)
Loss for the period	-	(21,857)	(21,857)
At 31 March 2006	2	(1,197,928)	(1,197,926)

10. Related Party Transactions

Parties are considered related if one party controls, is controlled by or has the ability to exercise significant influence over the other party. This includes the parent company, subsidiaries and fellow subsidiaries.

Amounts payable to related parties at the year end were as follows

	2007 £	2006 £
Overdraft with parent undertaking	3,452,847	3,335,441
Amounts owed to parent undertaking	2,984	2,878

Amounts recognised in the income statement in respect of related party transactions were as follows

	2007 £	2006 £
Interest payable to parent undertaking	161,379	151,224

11 Parent Undertaking and Ultimate Holding Company

The largest group in which the results of the Company are consolidated is that headed by Concordia BV, incorporated in The Netherlands. The smallest group in which they are consolidated is that headed by Rothschilds Continuation Limited, registered in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

The Company's immediate parent company is Rothschilds Continuation Limited.

The Company's ultimate parent company is Concordia BV, which is incorporated in The Netherlands. Throughout the year, the Concordia BV was controlled by the Rothschild family and their interests.

The Company's registered office is located at New Court, St. Swithin's Lane, London EC4P 4DU.